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SUBJECT: EU AND KOSOVO: MOVING TOWARD REALITY

Classified By: POL W. BALKANS/ENLARGEMENT UNIT CHIEF VINCENT CARVER FOR  
REASONS 1.5 (B/D).

SUMMARY  
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¶1. (C) EU and member state officials are increasingly recognizing the strong likelihood that Kosovo will become independent without a UNSCR and that launching an ESDP mission is vital to decreasing instability in the region. Some EU contacts believe member states may still wobble if Belgrade presents a last-minute conciliatory deal; they report that the EU still has not decided whether to adopt the ESDP mission ahead of, or after, the recognition of Kosovo's independence by most member states. Meanwhile, the Commission has budgeted 62 million Euros for assistance to Kosovo for the coming year. Several contacts cautioned that many European officials view the U.S. as railroading Kosovo independence with the potential for increasing stability in Serbia as the result. When rebuffed, they offered no plausible alternative to Kosovo's independence. END SUMMARY

FACING REALITY: "ROLLING STONES" TOUR WILL NOT PRODUCE  
COMPROMISE  
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¶2. (C) Michael Giffoni, Council Secretariat Deputy Director for the W. Balkans, told us recently that few EU and member state officials believe the Troika approach will result in a deal between Belgrade and Pristina. He stressed, however, that the theater of "leaving no stone unturned" is critical for some member state governments to deflect domestic political attacks. This "Rolling Stones" approach will also help the majority of member states push the approval of an ESDP mission despite the strong reluctance of Cyprus, Greece, and Romania to such a mission without the blessing of a UNSCR.

¶3. (C) Contacts from several member states agreed with Giffoni's analysis -- the Troika approach has bought the EU and member states both time and political cover, often to address domestic critics. Most of our working level contacts see a post-December 10 scenario that includes continued deadlock at the UN because of Russian intransigence, a UDI by Pristina, and subsequent recognition by most -- but not all -- member states. While several contacts continue to call for strengthened legal arguments for recognizing Kosovo absent a UNSCR, they also acknowledge that if the political authorities in capitals favor recognition, they will find an acceptable legal formula.

BUT NO GUARANTEE OF EU ACTION IMMEDIATELY AFTER A UDI  
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¶4. (C) While most of our contacts covering Kosovo are much

more optimistic than they were even a few months ago about EU "unity" on implementing the nearly two years of "prudent planning" with the actual establishment of the ICO and the ESDP mission, none are staking their careers on such an outcome in the immediate aftermath of a UDI. An Italian Mission rep warned that some member states may wobble if Belgrade produces a last-minute "reasonable" compromise. He quickly noted, however, that Italy and other members of the Quint must insist on respect for the December 10 deadline. Many of our contacts, including the Portuguese Mission's Chair of the COWEB working group, have stressed the desirability of U.S. pressure on Kosovo to wait for "at least a few weeks" after December 10 to allow for discussions in New York before issuing a UDI. They assure us that the EU could then proceed confidently with formalizing the ESDP mission and most member states would recognize Kosovo's independence.

15. (C) ESDP contacts appear more sanguine about prospects for obtaining agreement -- or at a minimum, no outright vetoes, on the mission, if only because EU paralysis after December could strike a major blow against ESDP more broadly. The 1,800-strong civilian mission will be by far the largest ESDP undertaking to date and we are seeing growing recognition here of the EU's responsibility to police its own backyard, despite continued rumblings in some capitals about the mission's legality. The Head of Mission-designate, retired French General Yves de Kermabon, and EU planners here and in Pristina, have told us they want to have the personnel selected, hardware procured, and operational plans informally in place by December in order to be ready to either launch the mission as planned or be able to make any necessary changes efficiently. Getting the necessary member state approvals for these steps is pushing reluctant countries

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forward, albeit in increments. Those countries that have remained holdouts (Cyprus, Greece, Slovakia, Romania, and to a lesser extent lately, Hungary) likely will bargain for something in return for their eventual "constructive abstentions" on the ESDP mission. One contact noted that such backroom deals likely would be brokered by FMs or even PMs just weeks before December 10.

MEANWHILE, THE COMMISSION CONTINUES FUNDING

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16. (U) European Commission (EC) assistance to Kosovo has been provided since 1998 under a variety of instruments, including regular technical assistance, humanitarian aid, exceptional financial support, and financing to Pillar IV of UNMIK. Since 2000, the CARDS program has been the main financial instrument for Kosovo, with programs mainly implemented by the European Agency for Reconstruction. To date, EU assistance, including from member states, amounts to 2.6 billion Euros. Of this amount, EC assistance accounts for almost 1.6 billion Euros.

17. (U) Beginning soon, EC assistance for Kosovo will be funded via the new Instrument for Pre-Accession (IPA) and will help pay for EU and EC support for final status as well as for developing Kosovo's weak economy. The EU will devote more resources for programs aimed at good governance, reforms, and fiscal sustainability. The draft 2007 assistance program will be discussed by the EC and member states at an October 22 meeting. Funding of 62 million Euros has been proposed for assistance, with the lion's share concentrated in: capacity-building for developing EU-compatible legislation and policy (6 million Euros), rule of law promotion (7 million Euros), developing an enabling economic environment (11 million Euros), transportation infrastructure (8 million Euros), and support for local government and decentralization (12.4 million Euros). Additional funding is expected for higher education and the Customs and Fiscal Assistance Office. Kosovo will also benefit from the European Initiative for Democracy and Human

Rights.

18. (SBU) The Commission's Multi-annual Indicative Planning Document for Kosovo 2007-09 noted that 64.7 million Euros had been budgeted for 2008. We understand that the Commission has requested a doubling of that figure from the Council and European Parliament for microfinance and other activities, but no decisions have been made.

VIEWS ON EFFECTS ON SERBIA

19. (C) While all of our working level contacts note that Serbia's accession prospects are not formally linked to Kosovo, most acknowledge that the EU and member states must take Belgrade's actions regarding Kosovo into account when deciding policy vis-a-vis Belgrade. Several contacts continue to fret that a UDI will strengthen the RS in Serbia. Many contacts see the initialing of an SAA with Serbia, likely to take place in late October or early November, as one way to try to soften the blow of an independent Kosovo and recognition of it by most member states. Likewise, contacts see visa facilitation as a method of trying to strengthen the attraction of the EU to the Serb professional and student classes. A few contacts have voiced concern more about the possibility that Serb paramilitary forces could cause trouble in northern Kosovo than about any formal Serb reaction to Kosovo's independence. Brussels has assured us it is seized with how to manage Serbia post-December 10, but has offered few specifics on any damage control policy.

Still hoping for a miracle?

10. (C/NF) Though our contacts speak with growing confidence when they say the EU will be "ready" after Dec 10, there remains plenty of unease with a process that many perceive as beyond their control. At working levels, this manifests itself in griping from a number of both EU and member state officials that the U.S. has "railroaded" the final status process. We have rebuffed such accusations -- noting that President Ahtisaari is a committed EU champion and that both we and the EU consulted with him closely on this process -- but this mindset is deep-seated in some parts of the EU. The unease is also manifest in the universally high marks that Ischinger has received here. Ischinger's frequent personal appearances at the PSC and repeated references to his role as the "EU's representative" have played very well here, particularly with non-Quint member states. The good news,

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according to several contacts, is that Ischinger has succeeded in making non-Quint member states feel more included in, and therefore more committed to, the process. (A Hungarian contact attributed his government's softening stand directly to Ischinger's role.) The potential bad news is that hopes for a last minute miracle solution have not gone away. Indeed, a Quint member state contact worried to us that Ischinger's emphasis on "leaving no stone unturned" may have inadvertently raised hopes in the member states that a last-minute miracle solution may yet be possible. Ambassador Wisner's and DAS DiCarlo's upcoming visit to Brussels offers another opportunity to help solidify the EU's resolve to support a realistic final status for Kosovo.

GRAY

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